

FAQs for Board Policy DFAB Fundraising

What is the purpose of the fundraising policy?

The purpose of the fundraising policy is to outline best practice for safe and accountable fundraising. The policy is to protect the safety of students and staff as well as provide financial accountability that will comply with federal, state and local laws, regulations, policies, and procedures.

The policy also strongly encourages external organizations that fundraise on behalf of the district, a school, or school sponsored programs, to support and follow the same district fundraising policy and procedures.

Is the school district taking over the financial accounting and management of fundraising done by school PTOs, PTAs, booster clubs or other like external organizations?

No, the school district is not taking over the financial accounting of fundraising done by a school PTOs, PTAs, boosters, or other external organizations. If an external organization is properly registered with the Internal Revenue Service (IRS) and the State of Kansas, or under the umbrella of a National PTO or PTA organization, the organization's own bylaws should reflect best practices and legal compliance of financial accountability. The fundraising policy does ask that these organizations mirror the district's fundraising policy and guide to administrative procedures, as part of their best practices.

Will the district be the receiver of all fundraising proceeds? If so, what are the processes for getting the money to the district and ensuring the money is earmarked for the organization that raised the funds?

No, the school/school district is not the receiver of all fundraising. Only at the time of a donation of such funds is received by a school/school district, student club, or student organization, do they become district funds.

Once funds are received by the district from an organization or donor, the district creates unique account identifiers for schools, clubs, and organizations so all funds raised are accounted for specifically and solely for the purpose they are raised and the group the fundraiser is intended to support.

What is the expected turnaround for expense requests to be approved?

The turnaround time is unique to each organization and their own by-laws and accounting procedures.

Will the PTOs treasurer's job change and if so will we need to revise by-laws?

There is no change to a PTO treasurer's job. It is best practice to review by-laws regularly for updates and changes.

Can a school administrator be put on the bank account and funds deposited to that?

No, a school district staff member may not be a signer on a PTO, PTA, or other booster type checking account. This is a conflict of interest per our financial auditors and against board policy.

There is no need to create a new bank account for fundraising, if the entity is already a properly registered organization with IRS and the State of Kansas, or under the umbrella of a National PTO or PTA organization.

Will this change the idea that PTO and schools are separate? They have their own tax exempt number and forms and they file with the IRS...how will those things be done?

The PTO will continue to function as it does, the policy does not change that.

As noted, a PTO and the district are separate and have separate Tax Identification Numbers. The PTO will continue to account for and file IRS form 990s as required, along with Kansas Department of Revenue, and Kansas Secretary of State forms as required.

Tax exemption for charitable contributions is with IRS and different than sales tax exemption with the Kansas Department of Revenue.

What items will need to be approved through the BOE and how will this look?

The Board of Education is required if funds are being raised to sustain a program, pay employees, or change the grounds or facility of a school site or building.

There is no change from current practice, except to strongly encourage external organizations to follow the same fundraising policy and guidelines the board expects of school sponsored activities, and that there is communication between the external organizations and the building principal so that funds are raised and directed to established needs and goals of the school.

The PTO gives each certified staff member between \$200-\$400 a year to spend in their classroom. This is usually spent \$25 at a time. The PTO writes between 10-15 checks per staff member each year. Is the district prepared to write that many checks and will they be able to keep up with that many buildings?

When the district reimburses staff, they are direct deposit transactions, even for non-payroll transactions, the process is automated and there is no check writing. The increase of payments to staff members is not an issue. Purchase orders are encouraged whenever possible, so purchases are sales tax exemption and staff members are not out of pocket.

The fundraising policy is not prohibiting a PTO to support teacher classroom needs in this way. A PTO could continue this practice, but it should do so following best practice. A check by itself is taxable income to the recipient (teacher) unless the expenditure is supported by itemized receipts and supporting documentation for the expenses being reimbursed. This is what the IRS calls an accountable plan.

The PTO has parents that own businesses and “sponsor” items for events like a picture booth or dunk tank. Do we need board permission to accept those funds?

No, the PTO does not need board permission to accept sponsorship funds paid directly to the PTO for events like a picture booth or dunk tank. When accepting “sponsorships” from related parties there can be an internal control concern, if not monitored.

When renting items like a dunk tank, picture booth, or bouncy house, it would be best practice for the PTO to have liability insurance. The liability will fall to the PTO or possibly the individual members if there is an injury. Having adequate insurance protects the PTO and the individual PTO members. Remember, this is not a school/school district liability.

The PTO does a penny/coin contest between classrooms to raise money (both with PTO and our school counselor). Will this be OK? Classrooms are rewarded for donating the most change. Donations go to outside charities. Money does not go through the school, but the counselor does send a check to the outside organization (Salvation Army). This year it was just under \$900.

The penny contest for raising funds to be paid to an outside organization is a humanitarian project and would be acceptable, but good business practices should be followed for accountability of funds.

For accountability of the money, the funds should be deposited either with the PTO or the school clearing account and a check written to the outside organization from those accounts.

An individual should not deposit the change personally and then write a personal check to the organization. The charitable donation then becomes personal from the check writer, and not the students at the school or the PTO. A check or money order from the PTO or school is best.

We collect Box Tops for money. The class that brings in the most gets a pizza party. Can this still happen?

The collection of box tops is an acceptable form of fundraising. The competitive enticements are discouraged, but can be approved by the school principals. The intent of minimizing competitive enticements is to prevent students from feeling inadequate or left out because they are unable to meet a quota or goal due to personal or family circumstances.

In past years our PTO has paid teachers to provide after-school tutoring to students. This was in the amount of a couple thousand dollars per teacher per year, and usually three teachers were involved. Can this continue?

The PTO should not be directly paying teachers for tutoring. The acceptable method would be to donate the funds to the school/school district, with the purpose of the donation being to support after-school tutoring. The teacher(s) interested in tutoring will be assigned a position in the payroll system, and their hours will be paid from the donated funds. The teacher's wages are then properly reported on their W-2 and taxes withheld.

The PTO sells pancake feed tickets to pay for their fifth grade trip. Would the district control that fundraiser and would we need to get board permission to collect from all the individuals that buy tickets?

If the PTO does the fundraiser, pancake feed, etc., the funds, sales tax, and any expenditures are all the PTOs responsibility. There is no need for board of education permission.

The planned fifth grade trip and related fundraiser should be consented to by the building administrator for support and agreement. For example, the trip should have minimal interruption to educational time, and not be scheduled at a time when assessments are being given.

How does this fundraising policy affect our Orange Leaf and other Eat-N-Earn fundraisers? Would someone from the district go and pick up the checks from the businesses and place them into a separate account?

Eat-N-Earn fundraisers are an acceptable fundraiser in the policy. If it is a PTO fundraiser, that is between the restaurant and the PTO.

If the Eat-N-Earn fundraiser is directly with a school, student club, or student organization, they all are under the same Taxpayer Identification Number of the district. The district creates unique account identifiers for schools, clubs, and organizations so all funds raised are accounted for specifically and solely for the purpose they are raised and the group the fundraiser is intended to support.

In regards to direct donations, are all those monies to go through the district before we can access them and if so what is the timeline for that?

If a direct donation is payable to the school/school district, they are not the PTOs. The district creates unique account identifiers for schools, clubs, and organizations so all funds raised are accounted for specifically and solely for the purpose they are raised and group the fundraiser is intended to support.

If a direct donation is payable to the PTO, then it is deposited directly with the PTO and expended and accounted for by the PTO as expected by the donor and in compliance with the PTOs by-laws.

How do the donations received affect events like the carnival, marathon club, and fifth grade recognition when they are not necessarily fundraising events?

Donations made payable to a PTO/PTA would be deposited with the PTO/PTA.

If the donation is payable to the school/school district, it is a charitable contribution to the donor. The district creates unique account identifiers for schools, clubs, and organizations so the donation is accounted for specifically and solely for the purpose it was given and for the group the donation was intended to support.

Expenditures for the activity will come from the donated funds as approved and with proper supporting documentation that meets audit requirements.

How will this impact the carnival? Is the carnival considered a fundraiser, expense, or both?

Nothing in the proposed fundraising policy should impact the school carnival. The carnival is both a fundraiser and an expense.

Can individual student accounts be maintained when fund raising?

No, this is not allowed. The IRS prohibits the use of individual accounts by tax exempt organizations. This practice jeopardizes an organization's tax-exempt status. Fundraising must benefit a group instead of individual members of a group.

Individual accounts are student accounts based on a student's participation in a fundraising event(s) and the funds raised by the student goes into an "account" for that individual student's use.

If a student does not participate in the fundraising, can they be denied benefit from that fundraiser?

No, USD497 does not support any fundraising that requires participation in the fundraiser. In addition, the IRS prohibits tax-exempt organizations from requiring participation in fundraisers.

Benefits given cannot be based on participation in a fundraiser or based on revenues raised individually. Therefore, regardless if a person participates in a fundraiser or the amount of revenue raised individually, the person cannot be denied the opportunity to receive an equal benefit and cannot be penalized in any way for choosing not to participate in the fundraiser.

These practices are not allowed:

- *Requiring the participation of members or students who are benefiting from the fundraising*
- *Requiring a donation in lieu of participating in a fundraiser*
- *Quota requirements, even suggested quotas*

How does fundraising impact Title IX?

The school district is responsible for Title IX compliance regardless of whether the difference in benefits and services is created by the district, a parent organization or other sources of outside financial assistance.

School-wide fund-raisers that benefit all student groups at a school are encouraged and more likely to be approved.

FUNDRAISING
(Fundraising Approval Form)

Today's Date: _____

Fundraising Request: _____

Group/Activity Name: _____

Group/Activity Sponsor: _____

Sponsor Phone Number: ___ - ___ - ___ Ext. _____ Email: _____

Fundraiser/Brief Description _____

Date(s) of Fundraiser: _____ Anticipated Profit from Fundraiser \$ _____

Grade Levels Involved: _____

Vendor being used, please provide the following contact information:

Vendor Name: _____

Address: _____

City: _____ State: _____ Zip: _____

Email: _____

Phone: ___ - ___ - ___ Ext. _____ Fax: ___ - ___ - ___

Do any of the following have a financial interest in the company or organization you are doing business with?

- You (or family)
- Other staff members or their families
- Family members of any students?
-

If yes, to any of the above, please explain.

Will Food be served? ___ Yes ___ NO

If yes, what food item(s) will be served?

Please select appropriate fundraiser type:

- Non-Advance Sale (bake sale, car wash, etc.)
- Charitable Fundraiser (proceeds to benefit charitable organization)
- Donation/Sponsor Solicitation (requests to business/others for money)
- Community event/Family event fundraiser (i.e. Eat-N-Earn restaurant nights, skating party, etc.)
- Raffle
- Internal Fundraiser (primary customers are students and staff within building)
- Online fundraising

Who are the target customer (s)? _____

Briefly explain the fundraiser (what will be sold and how the fundraiser will be carried out.)

Explain how the funds raised will be used:

Will students or staff be solicited on school property? YES NO If yes, explain how and where (Example: lollipops before school or carnations at lunch)

Will community members and businesses be solicited? YES NO If yes, explain how:

Will the group or organization need to sign a contract YES NO If yes, attach the contract to this form for review before signing. (legal review is required)

Describe any up-front money or other necessary commitments of school/district, club or organization resources.

Will the fundraiser be advertised? Check all that apply

- Flyers
- Email parents
- Mailing
- School Publications
- Automated calls
- Social Media
- Other _____

Note: advertising content must be reviewed and approved by building administration, a copy attached to this approval form when available.

Describe the method of collecting and securing funds. Include a description of how sales and receipt of funds will be documented.

Sponsor/Coach/Teacher Signature: _____ Date: _____

Building/Program Administrator Approved Not Approved

Reason: _____

Building /Program Administrator Signature: _____ Date: _____

Central Office Approved Not Approved

Reason: _____

Central Office Signature: _____ Date: _____